ONTARIO
NEW HOME
WARRANTY
PROGRAM

1991 ANNUAL REPORT

93-01391/

May 19, 1992

The Honorable Marilyn Churley
Minister of Consumer and Commercial Relations
555 Yonge Street
Toronto, Ontario

Madam Minister:

On behalf of the Board of Directors of the Ontario New Home Warranty Program, I am pleased to submit to you the Corporation's annual report for the year 1991.

The weakness in Ontario's economy and housing industry continued throughout 1991. Net enrolments of new housing units dropped 38% to 23,426 from 37,684 in 1990. Claims costs were $15.7 million, high by historical standards, but 31% below losses incurred in 1990.

During the year, the Board of Directors and senior management gave considerable attention to the financial condition of the Program. As a result of a substantial drop in revenue and an increase in claims over the past few years, the level of reserves to meet future claims has declined. To ensure the Program's ongoing financial integrity, builder registration fees were increased at mid-year and enrolment fees were increased effective January 1, 1992. The Program's independent specialist consultant has confirmed that these actions will help to ensure that the reserves in the Guarantee Fund remain adequate to meet future losses.

During the latter part of the year a major review of the Program's organization was undertaken. The objective is to ensure that the structure will be appropriate to deal with the anticipated future level of new housing activity and to enable the Program to move ahead with implementation of its decision to move from a reactive to a proactive approach in carrying out its responsibilities to new home buyers and home builders. This review will be completed and recommendations will be acted upon by mid 1992.

Throughout 1991, Program staff carried out their duties with a high level of dedication and commitment. I would like to thank the President/Registrar J.B.S. Rose and his team for their fine effort and performance during another challenging year.

In addition, I would also like to thank those in your department and other government departments as well as those in the new home building industry for their assistance to the Program during the past year.

Sincerely,

R.T. Ryan
Chairman

Directors of the Corporation as of December 31, 1991

Reginald T. Ryan, Toronto, Chairman ★
Chairman, The Mortgage Insurance Company of Canada
Appointed: 1988

William Clarkson, Toronto ✲
Senior Vice President, Financial Services Division
Toronto Dominion Bank
Appointed: 1988

Tom Cochren, Hamilton ★ ✲
President, Tommar Construction Company Limited
Appointed: 1987

David Freure, Kitchener
President, Freure Homes
Appointed: 1990

Hugh Heron, Toronto ★ ✲
President, Heron Homes
Appointed: 1988

Joan Huzar, Goderich ★
President, Consumers' Association of Canada (Ontario)
Appointed: 1987

Daphne Lewis, Lasalle
Consumers' Association of Canada (Ontario)
Appointed: 1991

Ralph H. Lewis, Q.C., Toronto ★
Legal Policy Advisor
Business Practices Division
Ministry of Consumer and Commercial Relations
Appointed: 1976

Al Libfeld, Pickering ★
President, Tribute Corporation
Appointed: 1991

John Mansfield, London ★
President, Source Corporation
Appointed: 1990

George Milla, Guelph
President, George Milla Construction Limited
Appointed: 1987

Maureen Prinsloo, Toronto
Metropolitan Councillor, Scarboroùgh-Wexford
Appointed: 1985

Tom Schwartz, Toronto ✲
President, Intraurban Projects
Appointed: 1991

Warren Wolfenden, London ★ ✲
Vice President, Housing and Land
Sifton Properties Limited
Appointed: 1983

★ *Executive Committee Member*
✲ *Audit Committee Member*

Officers of the Corporation

Reginald T. Ryan, Chairman

Warren Wolfenden, Vice Chairman

Joan Huzar, Secretary

Tom Cochren, Treasurer

Barry Rose, President/Registrar

Staff Directors

Chief Operating Officer: Aubrey LeBlanc

Builder Services: Willie Moskowitz

Communications: Maureen Guy

Consumer Services: Ian Johnson

Finance & Administration: Leslie Parker

Information Services: Jim Dalgleish

Legal Services/Corporate Counsel: Stephen Martin

Regional Operations: John Fleming

Technical Research & Training: Bob Maling

Registrar's Advisory Committee

Ronald C. Buchan, Toronto
Vice President, Mortgage Lending-Residential
CIBC Mortgage Corporation
Appointed: 1979

Jack McCreadie, North York
President, Jack McCreadie and Company Limited
Realty Financial Consulting
Appointed: 1989

Paul Sandusky, Scarborough
Vice President, Finance
Sandbury Building Corporation
Appointed: 1988

William Clarkson, Toronto
Senior Vice President, Financial Services Division
Toronto Dominion Bank
Appointed: 1988

Ward Campbell, Hamilton
Starward Homes Ltd.
Appointed: 1991

Warren Wolfenden, London
Vice-President, Housing & Land
Sifton Properties Ltd.
Appointed: 1991

THE WARRANTY

The Ontario New Home Warranties Plan Act ("The Act") became effective December 31, 1976. It is administered by the Ontario New Home Warranty Program ("The Program"), a non-profit corporation which reports annually to the Legislature through the Minister of Consumer and Commercial Relations.

Every builder or vendor of a new home in Ontario is required to register with the Program, to enrol all new homes offered for sale, and to extend certain warranties on those homes. The Program provides the following warranty protection to new home buyers in the event builders or vendors do not fulfill their obligations:

a) Deposits are protected up to $20,000 if the builder cannot or will not complete the sale.

b) Defects in workmanship and/or materials, or infractions of the Ontario Building Code, are covered for one year after closing. This coverage is extended to two years for water entry through the foundation or basement.*

c) Major Structural Defects, as defined in the Act, are covered for seven years from the closing date.*

d) Total payments out of the Fund under (b) and (c) are subject to a maximum of $100,000. The common elements of a condominium project are covered to the amount of $50,000 times the number of units, to a maximum of $2.5 million.

e) Incomplete work is covered to a maximum of two per cent of the purchase price of the home, or $5,000, whichever is the greater, as long as the homeowner has title and is living in the home, and the incomplete items are part of the contract for the sale of the home.

f) Purchasers of single family dwellings are protected against delayed closings.* Builders anticipating a delay in the closing date must notify the buyer at least 65 days before the original closing date, or 35 days if the delay is no more than 15 days.

g) Buyers are protected against substitution of elements in the home, if the items form part of the Agreement of Purchase and Sale.

Warranty protection for new homes enrolled after December 31, 1990 is extended to include the following provisions:

- For two years the home is warranted against defects in materials or workmanship in the electrical, plumbing, and heating delivery and distribution systems, and in defects to the exterior cladding, caulking, windows and doors.

- The building envelope (all parts of the structure that contain the living space) is also protected against water penetration for a period of two years.

- The home is protected against violations of the health and safety provisions of the Ontario Building Code for a period of two years.

- Protection against major structural defects is extended from five to seven years.

In addition the Warranty Program extends delayed occupancy protection to condominium purchasers whose Agreement of Purchase and Sale is dated on or after April 1, 1991.

* **NOTE:** Extended warranty protection is in effect for new homes enrolled after December 31, 1990.

REGISTERED BUILDERS

The Ontario New Home Warranties Plan Act requires that all builders and vendors of new homes be registered with the Program. Furthermore, Section 6 of the Act stipulates that existing registrants and new applicants involved in new joint ventures or new corporations for new residential developments and groups acquiring title to unsold homes under default, must also apply for registration.

Before granting renewal of registration, a builder's past performance is examined, with particular attention to the builder's financial ability to undertake further projects and the builder's past performance in dealing with customer claims and service. If either is considered unacceptable, the builder is sent formal notification of the Registrar's refusal to renew registration. This notification of refusal may be appealed to the Commercial Registration Appeal Tribunal.

Each builder's record is reviewed on the anniversary date of initial registration. Any builder for whom the Program has performed conciliations in excess of one in every 25 homes built and occupied, and who has not paid the $500 surcharge levied for each excess conciliation, will not be approved for registration renewal.

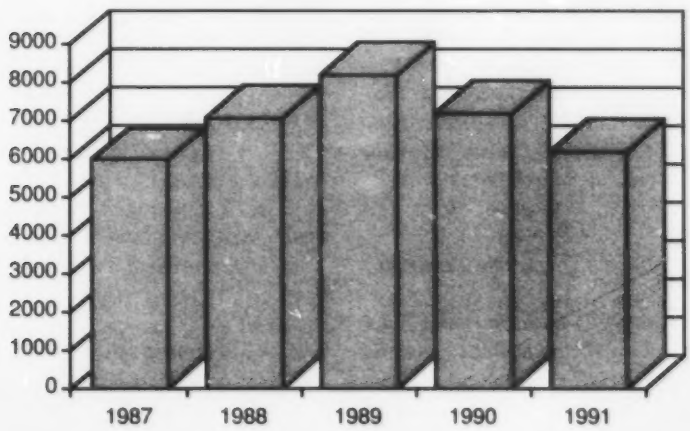
The Program maintains a vigorous effort to detect and identify vendors/builders who are selling new homes without being registered. Such unregistered vendor/builders are served notice of the requirements of the Act. Those in contravention can be prosecuted by the Program under Section 22 of the Act. Further, changes to Provincial fine legislation in 1990 substantially raised the penalties for being an unregistered builder, making a more effective deterrent to those who contravene the Act.

At the end of 1991, a total of 6,176 Ontario builders were registered with the Program. By year's end those builders had enrolled a total of 31,402 units. During the year 8,074 enrolments were cancelled comprised of 700 freehold and 7,374 condominiums.

The Enforcement Section of the Program's Builder Services Department collects monies owed by builders in respect of claims paid by the Program on homes which those builders have enrolled. In 1991 the Section recovered over $3.4 million on behalf of the Program.

FIVE–YEAR TREND

Number of Registered Builders



Registered at Jan. 1, 1991 – 7,193. Net decrease during 1991 – 1017.
Registered at Dec. 31, 1991 – 6,176.

PROGRAM HIGHLIGHTS

Consumer Services

The Regional Operations Department of the Warranty Program provides complaint and conciliation services to new home buyers and builders through eight offices throughout the province.

The year 1991 proved to be a busy and challenging year for the regional offices, with the ongoing development and enhancement of a new program designed to improve the efficiency of service to our customers:

- reducing the amount of time required to resolve complaints;
- improving communications between builder and buyer;
- encouraging builders to increase their efforts to prevent defects.

Central to the success of the program has been the reorganization of conciliation teams so that conciliators are now the first point of contact for complainants. That move, coupled with the installation of a more sophisticated computer data base designed to improve the collection and analysis of data, will allow conciliators to deal in a faster and more efficient manner with consumers.

In 1991 the Department received written complaints from 12,236 consumers of which 2,073 went to conciliation. The Warranty Program successfully resolved 10,163 of these without formal conciliation. In 1991 the Warranty Program, through the regional offices, further developed its new customer service programs and continued to provide the best possible service to consumers and builders.

Builder Services

The Builder Services Department manages the registration and renewal process for builders and vendors, the enrolment of freehold and condominium homes, the enforcement of the Act through investigation of builders and the collection of money owed to the Program by builders. In addition the Department currently maintains a portfolio of financial securities for some one thousand projects throughout Ontario.

In 1991 the Department implemented initiatives to improve the process of registration, renewal and enrolment. Also implemented was a new registration application designed to provide the Program with more comprehensive information about each vendor/builder, and the development of state-of-the-art computer software programs to more effectively store and distribute that information.

The continuation of the recession was felt in Builder Services in 1991 as enrolments dropped 38 per cent from the previous year. A net total of 23,328 units were enrolled in 1991, compared with 37,684 enrolled in 1990. The Department also noted a continuing trend in cancelled enrolments, bankruptcies, receiverships, power of sale, foreclosures and trustees under the construction lien act.

Among the most significant efforts by this department in 1991 was an increase in the number of builders monitored for technical competence. There was also an increase in the prosecution of unregistered builders; measures which served to further safeguard the interests of Ontario's new home buyers.

Technical Research and Training

The Technical Research and Training Department provides publications, videos and training workshops to help builders improve their construction practice and customer service. As well, the Department provides training programs for Warranty Program staff in order to help them provide the best service possible to their customers.

In 1991 the Department held its second Building Better Condominium Symposium, a one day presentation designed to inform builders about the procedures and requirements necessary to meet the technical standards set by the Ontario Building Code and the Warranty Program. Early in the year the Technical Research and Training Department concluded its "Speaking in Code" workshops in cities across the province. These workshops were designed to acquaint builders and building officials with significant changes to the Ontario Building Code which came into effect in 1990. Over 1000 men and women participated in this highly successful program.

Finally, the Technical Research and Training Department produced important educational materials in 1991. The most significant of these was the Condominium Construction Guide, written in co-operation with the Ministry of Housing's Building Code Branch. The Condominium Construction Guide offers multi storey condominium builders a simplified interpretation of the Ontario Building Code, and includes detailed diagrams and descriptions of key elements in the construction process. The publication was received enthusiastically by the building community.

Legal Services

The Warranty Program's Legal Services Department has seen its case load almost quadruple over the past three years, a direct result of the dramatic increase in the number of new homes built or proposed to be built during the province's construction boom.

There was a marked increase in general litigation cases and a significant change in the type of cases handled. Issues surrounding the purchase of contract homes, condominium purchase by investors, builder bankruptcies and receiverships, and consumer claims for deposit refunds are among the most common legal challenges faced by the Department.

In 1991, a total of 333 appeals to Warranty Program decisions and proposals were filed with the Commercial Registration Appeal Tribunal, representing approximately 28 per cent of conciliated decisions and proposals. By year end 77 of those appeals had been heard. As in previous years, the Warranty Program has continued to be successful in the majority of its challenges.

Due to the remarkable increase in this Department's activity over the past year, and the expectation that the case load will continue to increase, the addition of an Associate Counsel to staff has improved the efficiency and effectiveness of legal services.

Information Services

The Information Services Department is responsible for both the technological and the human aspects of information retrieval and processing.

In 1990 the Department initiated a project designed to revolutionize the Program's computerized information processing system with the introduction of HOMEWISE, a state-of-the-art system designed especially for the Warranty Program.

The primary asset of HOMEWISE is its ability to collect, centralize, integrate and deliver information from, and to, all departments within the Program. The system's ease of use eliminates the need for data entry personnel, while its sophisticated functions will allow the Program to provide faster, more efficient service to homeowners and builders. Implementation of HOMEWISE was completed in 1991. Continual refinements will see even greater efficiencies in this area.

Communications

The Communications Department is responsible for all internal and external communications. In 1991 the Department made significant gains in raising the Program's public profile through media relations, advertising, and promotional events.

The consumer advice column "It's On The House" which appeared in one daily newspaper in 1989, was extended to 14 daily papers in 1990, and 19 papers in 1991 generating an increased awareness of the Program among the media and public.

Print advertisements were placed in consumer and trade publications, encouraging home buyers to become more aware of their warranty rights, and inviting builders to avail themselves of our educational programs.

The Home Buyer's Guide To After Sales Service continues to be enthusiastically received by the public, and builders continue to use their Guide rating in advertising. In the fall of 1990 the Warranty Program instituted the Ernest Assaly Award. This is an award given to an Ontario builder in recognition of an outstanding after-sales service record. The award has grown to enjoy tremendous industry prestige in 1991.

Finally, the third of a three phase research project was completed. The purpose of the study, conducted by Environics Research Group Ltd., was to examine public awareness and understanding of new home warranty protection in Ontario.

Finance

Revenues for the fiscal year 1991 decreased to $13.1 million from $19.6 million for 1990. Operating expenses and claims totalled $33.6 million compared to $40.0 million the previous year. As anticipated, the Guarantee Fund was reduced during 1991 as a result of decreased enrolment, a lower enrolment fee structure and increased claims.

The independent review carried out at year-end indicates that reserves required to meet anticipated claims from homes currently enrolled in the Program amount to approximately $72.0 million. At December 31, 1991 reserves totalling $66.4 million were available to meet such claims. In January 1992 the fee structure was changed to ensure the ongoing adequacy of these reserves.

Claims

During 1991 the Warranty Program paid out $22.8 million in homeowners' claims, up from $19.1 million in 1990.

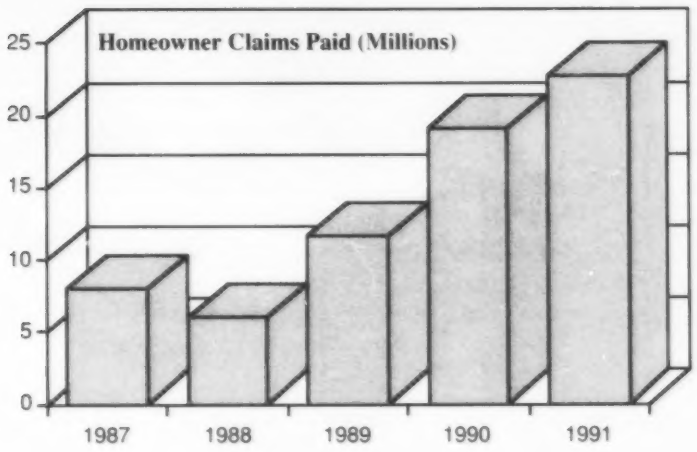
These figures include claims for both individual homes and condominiums, as charted below. They are reflective of both the higher level of warranty coverage now available as well as the increase in the number of homes which came under warranty protection during the latter part of the 1980's.

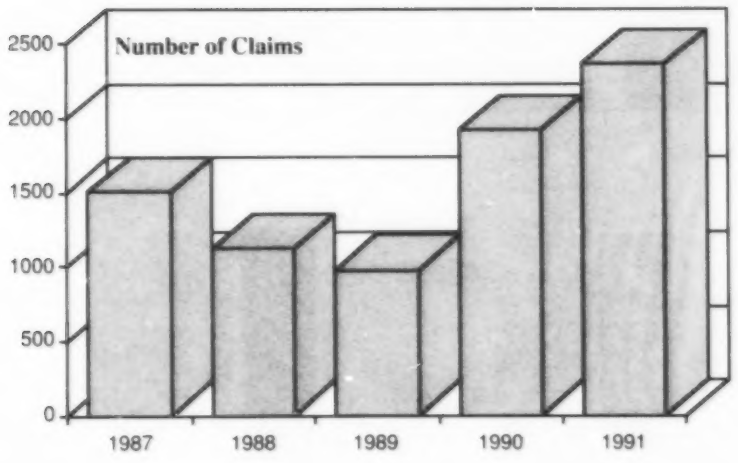
In addition to those claims paid out in 1991, the provision for outstanding claims was increased at year's end, from $21.4 million in 1990 to $21.9 million in 1991, primarily in recognition of potential condominium claims. After claims recoveries, net claims incurred decreased from $22.7 million in 1990 to $15.7 million in 1991.

Warranty Certificates

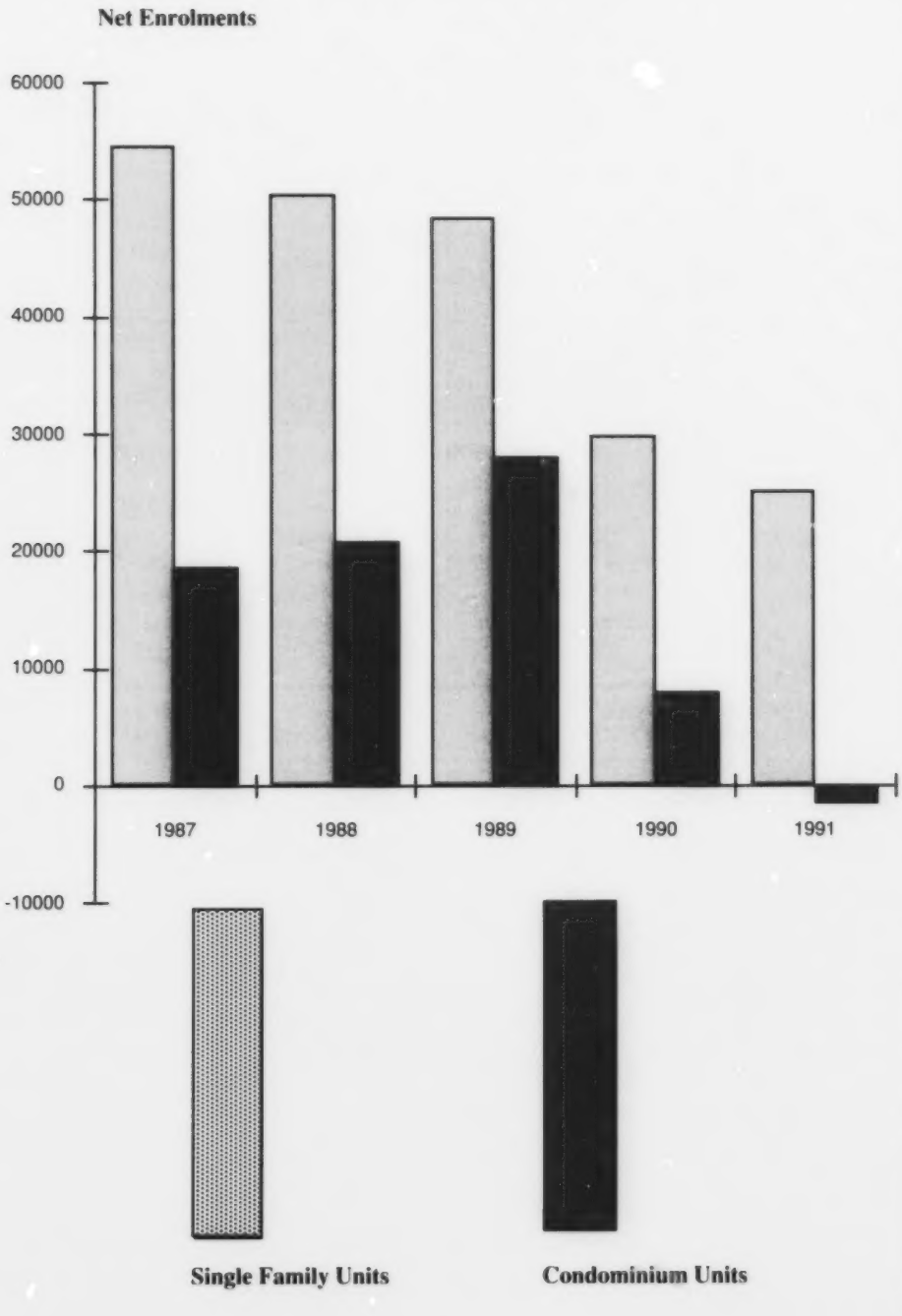
All new home buyers receive a Warranty Certificate, outlining the protection to which they are entitled. Over the course of the year 34,000 certificates were issued. The Program issues the certificates to new home buyers after it receives the completed Certificate of Completion and Possession (CCP) from the builder. This document is completed by the builder and buyer on or about the date of closing. On it, visible defects are noted by either builder or buyer. The builder is responsible for repairing those defects promptly. Warranted defects discovered after completion of the CCP will be covered provided they are reported to the builder and the Program within the specified coverage period.

FIVE–YEAR TREND





FIVE–YEAR TREND



March 6, 1992

Auditors' Report

To the Board of Directors of
Ontario New Home Warranty Program

We have audited the balance sheet of Ontario New Home Warranty Program as at December 31, 1991 and the statement of operating results and appropriations for the year then ended. These financial statements are the responsibility of the program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the program as at December 31, 1991 and the results of its operations for the year then ended in accordance with generally accepted accounting principles.

Price Waterhouse

Chartered Accountants

Balance Sheet

	December 31	
	1991	1990
Assets		
Current assets		
Cash	$ 2,623,637	$ 3,092,232
Accrued interest	1,705,433	2,538,426
Accounts receivable, prepaid expenses and other assets	942,298	360,595
	5,271,368	5,991,253
Investments (Notes 2 and 4)	69,407,940	89,083,776
Fixed assets, at cost		
Data processing equipment	3,584,644	3,134,497
Furniture and office equipment	2,490,591	2,353,884
Leasehold improvements	702,895	630,085
	6,778,130	6,118,466
Less: Accumulated depreciation	5,459,823	4,675,946
	1,318,307	1,442,520
	$ 75,997,615	$ 96,517,549
Liabilities		
Current liabilities		
Accounts payable and accrued charges	$ 2,238,522	$ 1,474,555
Funds held as security (Note 5)	5,313,872	6,577,680
	7,552,394	8,052,235
Liabilities outstanding on claims from homeowners		
Claims in process (Note 6)	21,872,824	21,356,839
Appropriations (Note 3)		
Future claims and contingencies (Note 4)		
General fund	(6,980,127)	6,425,231
Guarantee fund	53,552,524	60,683,244
	46,572,397	67,108,475
	$ 75,997,615	$ 96,517,549

Approved by the Board

R.T. Ryan — Chairman

Tom Cochren — Director

Statement of Operating Results and Appropriations

	Year ended December 31	
	1991	**1990**
Revenue		
Home enrolment fees, net of refunds	$ 3,229,417	$ 8,516,150
Investment income	8,328,655	9,885,021
Builders' renewal fees	985,400	531,300
Builders' registration fees	419,850	473,200
Excess conciliation fees	101,327	199,250
	13,064,649	19,604,921
Operating expenses		
Operating costs (Schedule)	17,897,822	17,299,017
Excess (deficiency) of revenue over operating expenses before deduction of claims incurred	(4,833,173)	2,305,904
Appropriations, beginning of year	67,108,475	87,505,443
	62,275,302	89,811,347
Deduct: Claims incurred (Note 6)	15,702,905	22,702,872
	$ 46,572,397	$ 67,108,475
Appropriations, end of year (Notes 3 and 4)		
General fund	$ (6,980,127)	$ 6,425,231
Guarantee fund	53,552,524	60,683,244
	$ 46,572,397	$ 67,108,475

Schedule of Operating Costs

	Year ended December 31	
	1991	**1990**
Salaries and employee benefits	$ 9,735,358	$ 8,351,633
Rent	1,687,349	1,668,612
Research and education	1,067,648	590,268
Travel	941,759	1,151,062
Office supplies and expenses	930,151	1,096,626
Computer and office equipment rental	928,034	757,075
Depreciation and amortization	783,876	1,328,649
Legal	710,510	669,771
Consumer and builder communication	574,519	821,351
Engineering and appraisal fees	391,256	164,574
Sundry	253,200	242,056
Consultants' fees	175,179	179,839
Printing	174,273	186,650
Directors' and committee fees	154,550	139,650
Reinsurance costs	67,761	69,974
Employee hiring cost	62,386	37,774
Bad debt	35,461	47,549
Operating costs before recovery	18,673,270	17,503,113
Administrative cost recovery		
Research and education	(351,179)	(72,941)
Builder refunds	(215,765)	(42,655)
Other	(208,504)	(88,500)
	$ 17,897,822	$ 17,299,017

Notes to Financial Statements
December 31, 1991

1. Summary of significant accounting policies

Revenue
Builder registration fees are taken into revenue when received and renewal fees are taken into revenue in the year in which they are due.

Home enrolment fees are taken into revenue as received and refunds expensed when paid.

Depreciation and amortization
Data processing equipment is written off in the year of acquisition.

Furniture and office equipment is depreciated at the rate of 20% per annum on a declining-balance basis.

Leasehold improvements are being written off on a straight-line basis over the term of the lease.

Claims
Claims incurred include claims paid and a provision for claims reported and in process, accounted for on an accrual basis.

Claims recovered, which are generally recognized on a cash basis, are offset against claims incurred. Administrative charges recovered in respect of claims are offset against operating costs as cost recoveries.

Investments
Certificates of deposit with financial institutions, treasury bills and bankers' acceptances are stated at cost.

Bonds and mortgage-backed securities are stated at cost plus the unamortized discount or premium. Discount or premium on purchase is amortized over the term of the investment.

Pension costs
Pension expense includes the actuarial costs of pension benefits for employee services for the period and the amortization of costs of past service benefits and experience gains and losses. Amortization is carried out on a straight-line basis over the expected average remaining service life of pension plan members.

2. Investments

Investments consist of:

	1991	1990
Bonds		
Government of Canada bonds (market value - $4,163,500)	$3,863,274	$6,257,227
Other bonds (market value - $41,148,988)	40,214,931	47,116,372
Certificates of deposit with financial institutions (market value - $10,800,000)	10,800,000	17,596,881
Treasury bills, at cost		3,220,672
Mortgage-backed securities (market value - $14,131,727)	13,034,894	12,399,501
Banker's acceptances (market value - $1,481,500)	1,494,841	2,493,123
	$69,407,940	$89,083,776

3. Appropriations

These appropriations, which represent the excess of revenue over operating expenses less claims incurred, including accruals for claims in process, are available for current and future claims and contingencies since it is not possible to assess with certainty the outcome of current claims in litigation, the future claims for homes currently under warranty or the costs of operating the program. As disclosed in Note 4, a guaranteed fund was set up to comply with the requirements under the agreement with The Mortgage Insurance Company of Canada ("M.I.C.C.").

As at December 31, 1991, the general fund was in a deficit position of $6,980,127. Effective January 1, 1992, the program has increased enrolment fees in an effort to reduce this deficit.

4. Guarantee fund

In accordance with an agreement dated July 1, 1986, M.I.C.C. has guaranteed to provide financial support to Ontario New Home Warranty Program ("O.N.H.W.P.") to meet any shortfall of funds, if any, required to settle claims incurred. Under the provisions of the agreement, O.N.H.W.P. was obliged to set aside a certain amount of enrolment fees received thereafter as a guarantee fund, which shall be used for the purpose of settling claims and incidental costs incurred. O.N.H.W.P. also undertook to invest the guarantee fund in financial instruments approved by M.I.C.C. In addition, O.N.H.W.P. is also required to pay a fee to M.I.C.C. based on the total number of homes at risk and the balance of the guarantee fund referred to above.

In accordance with an agreement with M.I.C.C., the general fund may borrow up to $7,500,000 from the guarantee fund with interest payable at the Toronto-Dominion Bank prime rate. The loan balance outstanding as at December 31, 1991 was $4,304,257.

As at December 31, 1991, the guarantee fund is as follows:

Balance, December 31, 1990		$60,683,244
Home enrolment fees		1,757,100
Interest earned		7,823,311
Less		
Claims incurred	$15,702,905	
Operating expenses	1,008,226	
		(16,711,131)
Balance December 31, 1991		$53,552,524

The fund is represented by the following designated assets and liabilities included in the total assets of O.N.H.W.P.

Assets

Cash and bank balances		$211,665
Receivable from general fund		4,304,257
Accrued interest		1,705,433
Investments		69,407,940
		$75,629,295

Liabilities

Claims in process	$21,872,824	
Accounts payable and accruals	203,947	
		22,076,771
		$53,552,524

5. Funds held as security

Funds held as security represent deposits and accrued interest thereon held by O.N.H.W.P. from builders as security for condominium builders, advance payments for claims and other warranty claims. These funds are either paid back to the builder when the program's requirements are met or used to pay claims.

6. Claims incurred

Claims incurred consist of:

	1991	1990
Claims paid during the year, net of recoveries	$15,186,920	$16,336,924
Less: Provision for claims in process, January 1st	21,356,839	14,990,891
	(6,169,919)	1,346,033
Add: Provision for claims in process, December 31	21,872,824	21,356,839
Claims incurred for the year	$15,702,905	$22,702,872

7. Pension plan

In 1980, O.N.H.W.P. introduced a contributory pension plan for employees with pension benefits based on length of service subsequent to that date and average of best three consecutive years earnings. As at December 31, 1991, the actuarial present value of accrued pension benefits is estimated to be $3,188,212 (1990 - $2,157,800) and the value of the pension fund assets is $3,021,405 (1990 - $2,168,057).

8. Lease commitments

The program is committed under leases for rental of properties and computer equipment to the year 2000 as follows:

1992	$1,516,988
1993	1,524,967
1994	1,571,318
1995	1,710,681
1996	1,724,143
Subsequent years	4,523,358
Total minimum lease payments	$12,571,455

9. Contingent liabilities

As part of the normal course of its business, the program is a party to a number of lawsuits the outcome of which is not determinable at this time. In the opinion of counsel, these lawsuits should not result in significant losses to O.N.H.W.P.

Head Office
5160 Yonge Street
6th Floor, Northeast Tower
North York, Ontario. M2N 6L9
(416) 229-9200

Regional Offices*	Managers
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